



April 15, 2010

## QUOTA EXCHANGE

The market-clearing price established for the April, 2010 Quota Exchange was **\$32,800.00**. The results of the Quota Exchange are outlined in the following Table.

The next Quota Exchange will be held on May 17, 2010. All offers to sell and bids to purchase quota through the Quota Exchange must be received at the Board office by midnight, May 6, 2010. The Board recommends that offers and bids be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

Just a reminder to producers that when making bids on the Quota Exchange, the price on offers to sell quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Exchange.

Conversely, the price on offers to purchase quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Exchange. The clearing price is set at the price where the smallest difference exists between the accumulated volume offered for sale and the accumulated volume bid to purchase.

## APRIL 2010 QUOTA EXCHANGE RESULTS

<b>Market Clearing Price per kilogram of butterfat</b>	<b>\$32,800.00</b>
<b>Daily Kilograms offered to Purchase</b>	<b>23.00</b>
<b>Kilograms offered to Sell</b>	<b>1.00</b>
<b>Kilograms sold</b>	<b>1.00</b>
<b>Number of Producers</b>	
- offered to purchase	4
- purchased quota	1
- offered to sell	1
- sold quota	1

APRIL 2010 QUOTA EXCHANGE CLEARING PRICE RESULTS

## HOW TO BUY OR SELL DAILY QUOTA ON THE EXCHANGE

With the change from annual quota to a daily quota, there are some changes to submitting bids on the Quota Exchange. There are two steps to convert your bid, whether buying or selling, from annual to daily quota.

For the purposes of this example, an annual quota bid of 3,000 kgs of butterfat at \$60.00/kg will be converted to a daily quota bid.

**Step 1:** Convert annual kgs of butterfat to daily kgs of butterfat.

$$3,000 \text{ kgs} \div 365 = 8.22 \text{ kgs/day}$$

(Daily Quota is calculated up to 2 decimal places)

**Step 2:** Convert bid to dollars per kg per day

$$\$60 \times 365 = \$21,900.00$$

Therefore, the bid, whether buying or selling would be:

- 8.22 kgs/day at the price of \$21,900

to obtain an equivalent bid of 3,000 kgs at \$60/kg under the annual quota policy.

The monetary value of this bid would be:

$$8.22 \text{ kgs/day} \times \$21,900/\text{kg} = \$180,018$$

## PRODUCER TRANSFER CREDIT LIST

The Board will be maintaining a Producer Transfer Credit list to assist producers in transferring credits (in or out) with another producer.

Producers wanting to transfer credits (in or out) with another producer can contact the Board to have their name added to the Board's Producer Transfer Credit List. This list is posted on the Board website and is also available by weekly email or upon request by fax, email, or regular mail. The Board will also enclose the list with the monthly newsletter.

The transfer credit list will be updated on a daily basis as requests come into the office. Postings will be dated and kept on the list for two months. It is up to the producer to contact the Board to repost their name after the two month period is up, or to have their name removed from the list.

if it is no longer required. Producers may contact the Board at 787-5319 or 787-6457 for additional assistance.

#### TRANSFER CREDIT SUMMARY REPORT

MONTH	# OF PRODUCERS TRANSFER IN	# OF PRODUCERS TRANSFER OUT	TOTAL KGS BUTTERFAT
August 2009	1	1	422
September	16	14	16,407
October	13	13	13,416
November	19	19	26,752
December	19	26	24,684
January/2010	14	14	17,760
February	11	12	10,421
March	8	9	4,251

#### SUMMARY REPORT OF CREDITS AS OF March 31, 2010 – 194 PRODUCERS

Days	# of Producers	Positive Credits Accumulated (Kgs of Butterfat)
+10	15	26,038.30
+ 5 to +10	42	36,599.70
0 to + 5	46	15,628.70
TOTAL	103	78,266.70
Days	# of Producers	Negative Credits Accumulated (Kgs of Butterfat)
-30	3	-765.60
-25 to -30	4	-20,129.72
-20 to -25	4	-6,369.20
-15 to -20	4	-6,661.57
-10 to -15	11	-13,656.04
-5 to -10	27	-18,146.42
0 to 5	38	-10,667.09
TOTAL	91	-76,395.63

#### OVER QUOTA (OVER 10 DAYS) REPORT BY MONTH

MONTH	# OF PRODUCERS	BUTTERFAT
August 2009	5	588.48
September	7	922.57
October	13	4,466.11
November	13	2,682.50
December	14	3,267.51
January 2010	16	5,444.53
February	20	3,338.69
March	15	2,743.20

### WEIGHTED AVERAGE COMPONENT TESTS & PRICES March 2010

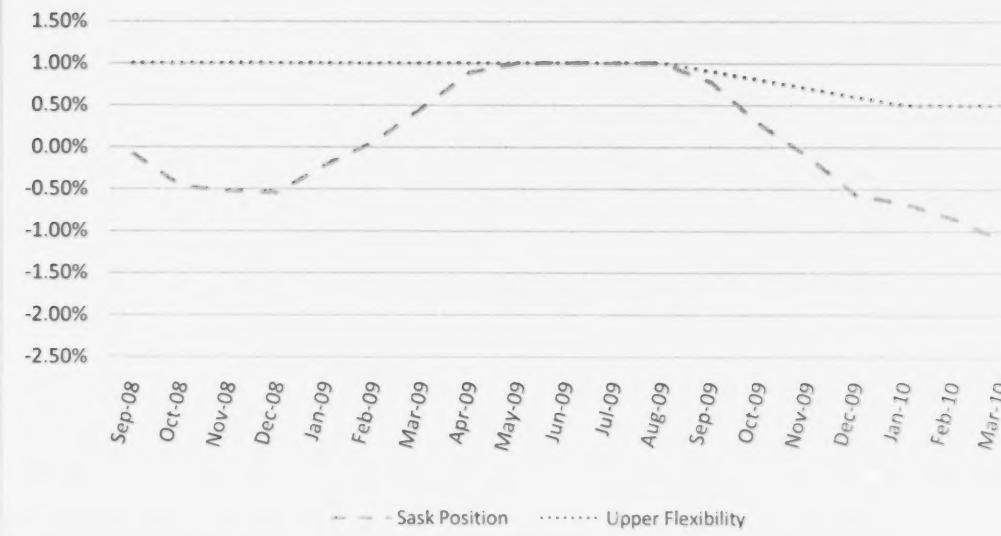
Components	Average Test	Price per kilogram Class 1 to 5
Butterfat	3.7185	\$11.519093
Protein	3.2886	\$ 8.519083
Other Solids	5.6852	\$ 1.231950

Based on the average component tests for the province, the average price received was \$77.8527 per hectolitre. The average butterfat price received per kilogram was \$20.86.

### SASKATCHEWAN MILK POOL RESULTS March 2010

Milk Sale Revenue	\$ 15,010,601.83
Western Milk Pool	\$ -28,961.47
Dairy Farmers of Canada Skim Off	\$ -19,054.62
Plant of Last Resort Service	\$ -54,820.46
Sample bags/vials/labels	\$ -15,606.40
Audit Adjustment	\$ 1,201.47
<b>Total Pool Value</b>	<b>\$ 14,893,360.35</b>

### Cumulative Over or Under Production



In March, Saskatchewan had a monthly CDC allocation of 735,828 **kilograms** of butterfat. In the month of March, Saskatchewan production was **-21,791 kilograms** of butterfat **under** and cumulatively **under** by **-94,842 kilograms** of butterfat. On a percentage basis, Saskatchewan is at **-1.10%** within our CDC allocation flexibility limits based on the Continuous Quota model.

	(1) Monthly Total Production  Kgs bf	(2) Total Monthly CDC Quota Allocation  Kgs bf	(3) Monthly Over or (Under) Production  Kgs bf	(4) Lower Flexibility Limit <b>(1.5%)</b>	(5) Upper Flexibility Limit <b>1.0%</b>	(6) Cumulative Over or (Under) Production with limits  Kgs bf	(7) Cumulative Over or (Under) Production with limits  in %	(8) Over Quota or (Lost Production Opportunity)  Kgs bf	(9) Rolling 12 Month Total Quota  Kgs bf
			col. 1 - 2 = 3	col. 9 * -1.5%	col. 9 * 1.0%		col. 6 / 9		
<b>Apr-09</b>	743,837	707,299	36,538	(130,272)	86,848	<b>77,315</b>	<b>0.89%</b>	-	8,684,788
<b>May-09</b>	764,294	725,295	31,082	(130,197)	86,798	<b>86,798</b>	<b>1.00%</b>	21,599	8,679,813
<b>Jun-09</b>	717,102	691,713	25,389	(130,214)	86,809	<b>86,809</b>	<b>1.00%</b>	25,378	8,680,919
<b>Jul-09</b>	712,229	708,281	3,948	(130,318)	86,879	<b>86,879</b>	<b>1.00%</b>	3,878	8,687,893
<b>Aug-09</b>	714,200	703,553	10,646	(130,198)	86,799	<b>86,799</b>	<b>1.00%</b>	10,727	8,679,854
<b>Sep-09</b>	682,235	702,484	(20,249)	(130,044)	78,026	<b>66,550</b>	<b>0.77%</b>	-	8,669,604
<b>Oct-09</b>	707,240	750,251	(43,010)	(129,817)	69,235	<b>23,540</b>	<b>0.27%</b>		8,654,437
<b>Nov-09</b>	690,742	723,613	(32,871)	(129,718)	60,535	<b>-9,331</b>	<b>-0.11%</b>		8,647,851
<b>Dec-09</b>	723,022	763,216	(40,194)	(129,616)	51,846	<b>-49,525</b>	<b>-0.57%</b>		8,641,040
<b>Jan-10</b>	718,404	726,215	(7,811)	(129,294)	43,098	<b>-57,335</b>	<b>-0.67%</b>		8,619,609
<b>Feb-10</b>	646,894	662,610	(15,716)	(129,134)	43,045	<b>-73,051</b>	<b>-0.85%</b>		8,608,291
<b>Mar-10</b>	714,037	735,828	(21,791)	(129,005)	43,002	<b>-94,842</b>	<b>-1.10%</b>		8,600,357

(1) Monthly Production in Saskatchewan

(2) Total Monthly Quota = Class 1 sales + Monthly MSQ + Carry Forward

(3) Difference between the monthly production (1) and the total monthly quota (2)

(4) The Lower Flexibility Limit is -1.5% of Rolling 12 Month Total Quota (9)

(5) The Upper Flexibility Limit is 1.0% of Rolling 12 Month Total Quota (9)

(6) Previous Month Cumulative Over or (Under) Production + Current Monthly Over or (Under) Production (capped at lower or upper limit if applicable)

(7) Equal to Column (6) expressed as a percentage basis within the flexibility limits

(8) Over Quota or (Lost production opportunity) outside of flexibility limits

(9) Total Monthly CDC Quota Allocation for the previous 12 months

## ACCOUNTING VALUES FOR CLASSES OF MILK April 2010

	Butterfat (\$/kg)	\$ per hl. Skim milk)	
Class 1a	\$5.4000	\$68.22	
Class 1b	\$5.4000	\$66.57	
Class 1c	<b>As approved by the Board</b>	<b>As approved by the Board</b>	
	Butterfat (\$/kg)	Protein (\$/kg)	Other Solids (\$/kg)
Class 2	\$7.5345	\$5.6453	\$5.6453
Class 3a	\$7.5345	\$13.1870	\$0.8946
Class 3b	\$7.5345	\$12.9343	\$0.8786
Class 4a, 4b, 4d & 4d(1)	\$7.5345	\$5.2469	\$5.2469
Class 4a(1)	\$7.5345	\$2.50	\$2.50
Class 4c	<b>As approved by the Board</b>	<b>As approved by the Board</b>	<b>As approved by the Board</b>
Class 4m	\$1.1000	\$1.1000	\$1.1000
Class 5a	\$3.3559	\$5.9592	\$0.4789
Class 5b	\$3.3559	\$2.1069	\$2.1069
Class 5c	\$3.7281	\$1.9328	\$1.9328
Class 5d	<b>As determined by</b>	<b>the Canadian Dairy</b>	<b>Commission</b>

**QUOTA LISTING SERVICE**

The Board offers a free quota listing service as part of its Newsletter. Anyone wishing to sell or purchase quota and/or cows or miscellaneous dairy equipment is welcome to contact the Board office at (306) 787-5319. All prices and negotiations will be independent of the Milk Control Board.

**Wanted – Quota & Cows to Purchase**

- Wanted – cows and quota – Contact Don (306) 270-4700
- Wanted – Dairy Cows or Bred Heifers. Call anytime/leave message (604) 855-2731 or (306) 867-2176

**Quota &/or Cows for Sale**

- Purebred cows and/or heifers for sale. Call Sheldon Peifer @ (306) 862-7140 (cell) or (306) 862-9470.
- Two breeding age bulls for sale. Contact Ernest Friesen at (306) 931-1947 or (306) 260-9480.
- For sale – 10 milk cows. Phone Chad (306) 598-2054

- Bred heifers for sale – contact Danny at Box Elder Colony – (403) 502-9997
- For sale: 8 registered Holstein heifers due September – December  
For sale: 1 registered Holstein bull, 20 months old. Sire – Regancrest Dundee  
Dam is a Comestar Stormatic with 246-230-235 BCA  
Contact Lloyd Sawatsky (306) 239-4818

### **Miscellaneous For Sale**

- 155 hard core 1000 lb bales of 95% Alfalfa for sale. 3<sup>rd</sup> year crop, no chemicals used. A bit rich for most horses and meat cattle. Good for dairy cows. Located in Bulyea, 1 hour north of Regina. Can arrange for loading. Contact Brenda @ (306) 725-3367.
- For sale: 70 second cut Alfalfa round bales. Net wrapped, no rain, 19.9 protein 1650 lbs. Call (306) 948-2395 Biggar, Saskatchewan
- Alfalfa for sale. Contact Ron (306) 477-2570 or Ken (306) 374-8980.
- All Large square bales: Flax (awesome for wind break); Canola straw and Greenfeed. Call Jake Boot (306) 867-9926 or (306) 867-3899.
- 70 Bales 2<sup>nd</sup> cut Alfalfa RFV 150; Prot. 19.2; T0N 62.8; \$110/ton obo  
Phone (306) 493-2482 Delisle, Saskatchewan
- 2<sup>nd</sup> cut alfalfa round bales, net wrap. Est. 1400 lbs.; Analysis available; Protein 19.76%. Phone or fax (306) 228-3727; Unity, SK
- 6 quarters of hay/alfalfa available for long-term contract – you specify the preferred mix and handling. Ten minutes north of Estevan (306) 634-4382.
- 134 top quality 2<sup>nd</sup> cut alfalfa hay bales, very clean, all leaves intact. Call for more info. Taking offers (306) 276-2003 Nipawin
- 50 Acres Greenfeed barley for sale in Bellevue area (63 day barley seeded July 5). Fields are clean. Can sell standing or baled. Taking offers. Contact Andy Grenier at Home: (306) 423-5682 or Cell: (306) 233-7835.
- - 95 DeBoer super comfort stall dividers - \$30 each  
- Houle manure scraper - \$5,000
  - \*hydraulic 3 HP electric unit
  - \*4 tilting scrapers (4 cylinders)
  - \*Automat control panel
  - \*496' track infloor
  - manure dumplids 4' x 8' - \$400 each
  - 1 - 2,000 imp. gal poly water tank - \$500
  - 2 - 1,000 imp. gal. poly water tanks - \$350 each
  - 4 - 8' tip troughs - \$250 each
  - 160 cozy cow mattresses 64" - \$25 each c/w heavy duty cover

- various swing gates 4 and 5 bar, 10 to 14 ft.

Call Frans @ (306) 826-5776 – home or (306) 823-7262 - Cell

- Like new Knight Reel – Auggie 3250 Stationary Feed Mixer with 15' Conveyer & Electronic Scale – Phone (306) 280-6408
- Dairy Quality Hay 4 Sale – delivered. Contact Dale @ (204) 638-5581. Dauphin, Manitoba.
- 2000 U.S. Gallon Alfa-Laval Milk Tank with cooling condensers and compressors. Contact Ferch Farms (306) 736-2205.
- Dairy Equipment for Sale: 1 18" x 10' belt conveyor; 6 Waikato milk meters; 6 Delaval milk machines with vacuum pulsators; Delaval vacuum pump with 7.5 hp motor. Contact Lloyd Sawatzky, Saskatoon, SK Phone (306) 239-4818. Cell (306) 281-2247.
- Renn 10hp Roller mill; Conveyors, 2-14 ft x 18 inch, 1-42 ft x 18 inch; 2 – 6 inch electric augers, 10 & 14ft; Harvestore, Goliath and Hercules unloaders; Contact Leonard Blocka (306) 764-8439 or cell (306) 960-6608.
- 16 Waikato milk meters \$250 each; 5,000 gallon new Delaval bulk tank, made in U.S.A. \$50,000. Contact Corman Holsteins (306) 933-4608
- 2002 Tubeline Bale Wrapper and a dismantled 25/90 Harvestorg Silo. Call David Slykhuis @ (306) 453-2878 in Carlyle, SK
- 2000 gallon Delaval tank. Call James Hein (306) 365-3209

#### Wanted to Buy

- Used Ration Master II Processor (used for feed stations)  
Contact Margaret at (306) 782-7240.

#### Continuous Quota FAQs

Following the round of Continuous Daily Quota Seminars, a list has been compiled of the questions most frequently asked by producers.

*Will my credit position change on August 1, 2010 if I was in a pre-fill position with 4m dollars being withheld and do not achieve a cumulative credit position of 0 days or less by July 31, 2010, thereby forfeiting those 4m dollars?*

No, your credit position will not change; you will still be responsible for dealing with your positive credits.

***What is the deadline for transferring negative credits if I exit the industry?***

Producers who exit the industry will have the opportunity to transfer negative credits to other producers for a period of two months.

For example, if a producer exits the industry effective September 1<sup>st</sup>, that producer will have the opportunity to transfer any negative credits for the months of September and October. Any credits not transferred after that date will be lost. The deadline for transferring credits is the 20<sup>th</sup> of each month, therefore the deadline to transfer credits to another producer would be October 20<sup>th</sup>.

***If my TPQ is reduced, either through a quota sale or quota reduction, and this causes me to exceed the +10 days cumulative position, what happens?***

If a producer exceeds the +10 day limit as a direct result of a reduction in TPQ, that producer's TPQ will be capped at +10 days. No penalty will be assigned for exceeding the +10 day limit under this circumstance; however overproduction in the future will be penalized.

***Are positive credit transfers permitted in farm splits?***

No, positive credits cannot be transferred to another farm under any circumstance.

***What happens to my negative credits that I have accumulated if I exit the industry (sell out)?  
What if I stop shipping milk before the quota transfer date?***

When selling out, your daily quota (TPQ) is transferred to the purchasing producer using the Quota Transfer Form. Accumulated negative transfer credits are transferred using the Transfer Credit Form and may or may not be transferred to the producer purchasing your daily quota depending on the deal that you have struck. The Board will calculate the final available negative credits accumulated.

Should a producer cease shipments at least one full calendar month prior to the quota transfer date, that producer may transfer 95% of the estimated negative transfer credits that would accumulate in the month that no milk was shipped for an effective date of the first of the same month. The final available negative credits, the remaining 5%, that would have accumulated prior to the transfer date will be calculated by the Board and be available for transfer.

For example, if a producer ceases shipping milk on August 31<sup>st</sup> with an effective sale date of October 1<sup>st</sup>, 95% of the estimated negative credits that will be accumulated in the month of September may be transferred for a September 1<sup>st</sup> effective date. In early October, the Board will calculate the final negative credit total and those negative credits may be transferred to another producer at that time.

**If I ship less than 100 % of my quota as of July 31, 2009, will I start in a negative credit position August 1, 2009?**

No, producers shipping 100% or less as of July 31, 2009, will start at zero credits August 1, 2009. This would be the case whether Saskatchewan moved to Continuous Daily Quota or not.

**If I ship greater than 100 % of my quota as of July 31, 2009 how will I start August 1, 2009?**

Saskatchewan will be in a pre-fill position as of August 1, 2009. Producers shipping greater than 100 % of their quota as of July 31, 2009 will be in pre-fill and will start with positive kgs of butterfat credits or positive credit days equivalent to their pro-rata portion of the over quota. This would be the case whether Saskatchewan moved to Continuous Daily Quota or not.

**If I am in prefill August 1, 2009 how can I get my 4M dollars back?**

The following condition must be met to get back the 4M dollars held by the Board:

**When July 31, 2010 production is reconciled, a producer must be at or below zero cumulative kgs of butterfat.** If a producer is still at positive credits or positive credit days, **no 4M dollars will be refunded.** These dollars will be added into the September, 2010 month-end pool and paid out October 15, 2010. All producers will share in these dollars.

It does not matter if a producer is at or below zero kgs of butterfat during any of the months throughout the year. **The day of reconciliation is based on August 1, 2009 to July 31, 2010 production.**

If Saskatchewan had been in a prefill situation before the change to Continuous Daily Quota this would also have been the case.

**What can I do to get down to zero positive credits or credit days?**

Producers have a number of options they can use to get their quota position back in line. They can transfer in credits, buy quota, decrease the number of cows being milked, etc.

**What happens to my 4M dollars if I leave the industry before July 31, 2010?**

If a producer who is in pre-fill leaves the industry before July 31, 2010, **they will forfeit all 4M dollars held by the Board.** The 4M dollars will go into the September 2010 month-end pool and all producers will share in those dollars.

***The 4M Dollars held by the Board will only be refunded back to producers in prefill who meet the zero or less cumulative position for the July 31, 2010 reconciliation.***

**What happens if I start August 1, 2009 with at or greater than +10 days?**

A producer starting in pre-fill at or greater than +10 days will only receive payment for their in-quota production.

For example: 100 kgs of butterfat is the producers' daily quota. The pickups are based on 30 days, so the producers' in-quota monthly allocation is 3,000 kgs of butterfat. The producer ships 3,500 kgs of butterfat. The producer will receive payment for 3,000 kgs of butterfat and 500 kgs of butterfat will be over quota (over the +10 day limit). There is no 4M as of August 1, 2009. The value of that milk will be put back into the month-end pool and all producers will receive a higher blend price.

The producer will never have the ability to recoup that over quota production and all deductions for the over quota milk will be applied MCB fees, DFS levy, and haulage.

Any producer whether in pre-fill or not that exceeds the +10 credit days will receive **ZERO PAYMENT** and all deductions for the over quota milk will be applied, MCB fees, DFS levy and haulage.

**What happens if I start August 1, 2009 with some pre-fill days but not exceeding the +10 day limit?**

A producer starting August 1, 2009 with some pre-fill days but not exceeding the +10 day limit still has flexibility before they are over quota.

For example: A producer starting in pre-fill at +7 days has 3 days flexibility before they are over quota. If 100 kgs of butterfat is your ~~daily~~ quota, and your pickups are based on 30 days, then your in-quota monthly allocation is 3,000 kgs of butterfat. If you ship 3,200 kgs of butterfat, you will receive payment for 3,000 kgs of butterfat based on in-quota. 200 kgs of butterfat will also receive full payment because 3 days or 300 kgs of butterfat of flexibility still exists. You would have 1 credit day remaining or put another way you would be at +9 credit days.

**When can I get transfer credits?**

There will be no transfer credits available in August 2009, because no producer will have accumulated any. The earliest a producer will be able to find credits will be September 2009.

**What is the deadline for transfer credits?**

The transfer credit deadline for any month is by midnight of the 20<sup>th</sup>. For example any transfer credit forms in the Board Office on or before midnight of October 20<sup>th</sup> will be effective October 1<sup>st</sup>.

**Where can I find producers wanting to transfer credits?**

The Board will maintain a web page with producers wanting to transfer credits in or out. It will be updated on a daily basis as requests come into the office. Producers who do not have internet access can call the Board and have the information faxed to them.

Producers wanting their name posted on the web page can contact the Board. Postings will be dated and kept on the website for 2 months. It is up to the producer to have their name reposted after the 2 months or removed if they fill their requirement before the 2 month period is up.

***What is the maximum amount of transfer credits that I can transfer out in a month?***

The maximum transfer credits a producer can transfer out in a month are equal to what the producer's cumulative under position was in the previous month. You can only transfer out to a cumulative position of zero credits.

The maximum a producer can transfer out in a rolling 12 month period is 15%.

***What is the maximum amount of transfer credits that I can transfer in?***

There is no limit to the amount of credits that can be transferred in a rolling 12 month period. The only limit when transferring in credits would be to not drop below the -30 credit day limit at the end of each month or you will have lost the opportunity to carry-forward those credits to produce that milk in the future.

***When will we know if Incentive Day Credits are available?***

The Board will do its best to give producers as much notice as possible when incentive day credits are going to be available.

***If the province is over quota as of July 31, 2010 will I still get all my 4M dollars back if I am at zero credits or credit days?***

Yes.

**MILK CONTROL BOARD MEMBERS**

Blaine McLeod - Chairman	Dairy Producer - (306) 756-2775
Dale Strudwick – Vice-Chair	Dairy producer - (306) 771-4186
Alvin Schultz - member	Dairy producer - (306) 254-4301

For further information, please contact the Saskatchewan Milk Control Board office.

1210-2500 Victoria Avenue	Telephone (306) 787-5319
Regina, Saskatchewan S4P 3X2	Fax: (306) 787-1988
Website: <a href="http://www.smcb.ca">www.smcb.ca</a>	email: <a href="mailto:info@smcb.ca">info@smcb.ca</a>